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New Strain of Cholera Spreads Into Thailand

By Lawrence K. Altman New York Times Service NEW YORK — A new strain of cholera sweeping across India and Bangladesh at an alarming rate has spread to Thailand and threatens to cause a global epidemic of the diarrheal illness, according to health officials.

patients in Bangkok. This is the first report of anyone being infected by the strain outside India and Bangladesh. The authors of the study said the reports were intended to warn health officials in Asia, Africa and Latin America of the need to be alert to prevent a health catastrophe.

Cholera is caused by a bacterium, Vibrio cholerae, that produces a toxin that causes severe diarrhea. The new strain, called O139 because 138 other strains are known, differs in its microbiological characteristics from the others but causes an illness that is indistinguishable, the experts said.

West Lets Yen Climb, But Won't Say Why

By Lawrence Malkin International Herald Tribune NEW YORK — With the yen heading toward 100 to the dollar, the new Japanese government has been pleading for help from the Group of Seven to stabilize its currency.

Impasse Ends On Sanctions For American Trade Pact

By Keith Bradsher New York Times Service WASHINGTON — Canada, Mexico and the United States agreed Friday to set up three new North American bureaucracies to enforce labor and environmental laws from the Yukon to the Yucatan when the North American Free Trade Agreement eliminates trade barriers, but the deal failed to mollify the trade pact's many congressional critics.



39 ARE KILLED IN COLLAPSE OF THAI HOTEL — Rescuers bearing an injured woman from a collapsed hotel in Nakhon Ratchasima on Friday. Workers were struggling to free about 60 people still trapped in the wreckage, which remained very unstable. The death toll did not include those bodies seen in the ruins but not yet recovered. Page 5.

Muslims Agree With Serbs on A Buffer Zone Near Sarajevo

Compiled by Our Staff From Dispatches SARAJEVO, Bosnia-Herzegovina — Bosnian Serb forces will evacuate a strategic mountain overlooking Sarajevo by Saturday and Muslim defenders will hold their ground to create a buffer zone guarded by United Nations peacekeepers, the UN commander in Bosnia said Friday.

NBA Star's Father Is Slain

A body found in a South Carolina creek has been identified as that of James Jordan, the father of the National Basketball Association star Michael Jordan, the authorities said Friday. Mr. Jordan, 57, died of a gunshot wound to the chest, officials said. He had not been seen for three weeks, but his family had not reported him missing. The authorities said they had no suspects in the slaying. (Page 17)

Libya Gets New Sanctions Threat

UNITED NATIONS, New York (Reuters) — The United States, Britain and France on Friday gave Libya until Oct. 1 to hand over the suspects in the 1988 bombing of a Pan Am jet over Lockerbie, Scotland, or face the threat of new sanctions.

Table with market data: Dow Jones (Up 0.56), Trib Index (Up 0.24%), The Dollar (New York, 1.7123), Pound (1.4595), Yen (101.80), FF (6.0568).



PAR PUTTING — Lanny Wadkins reacting to a just-missed putt for a birdie at the PGA Championship in Toledo, Ohio. Wadkins was two strokes off the lead after two rounds. Page 17.

As Franc Hits a New Low, Just What Can Paris Do?

By Erik Ipsen International Herald Tribune LONDON — Currency speculators thumbed their noses at the threat by Prime Minister Edouard Balladur of France to curb their activities, driving the franc to all-time lows against the Deutsche mark on Friday.

A Glimpse of Terrorism Police Scandal Bares a Bonn Cover-Up

By Stephen Kinzer New York Times Service BERLIN — A spectacular police scandal that has broken over Germany is giving people here their first inside look at the clandestine way of police and terrorists that has been under way in this country for more than 20 years.

Even on Where to Relax, President Can't Quite Decide

By Gwen Ifill New York Times Service WASHINGTON — Congress has gone home, everybody on the staff is dog-tired and on edge, and there is little left to justify workaholic tendencies in a town where vacationers have been racing to the exits for weeks.

At one point last week it was Wyoming, only to be scratched off a sign-up sheet for reporters traveling with the president and replaced with a question mark. It is all so complicated, White House officials said.

The latest destination appears to be Martha's Vineyard, where the president can rent a house that the Secret Service can protect while allowing the Clintons access to sunshine and beaches.

Clinton Weighs National Identity Cards to Control Immigration

OAKLAND, California — President Bill Clinton said that his administration was examining the feasibility of creating a tamperproof national identity card as part of an effort to toughen enforcement of immigration laws.

Mr. Clinton's statements, in an interview Thursday on Air Force One on his way here after meeting Pope John Paul II in Denver, marked his most extensive public discussion so far of future policy options on immigration.

Since the bloody shoot-out in June, much public attention has been focused on Klaus Steinmetz, 33, who for most of his adult life has been involved in leftist and anarchist protests in and around the cities of Wiesbaden, Mainz, Darmstadt and Frankfurt.









Herald Tribune

Published With The New York Times and The Washington Post

Time for Castro to Resign

A telling new appeal has been made for President Fidel Castro to resign and to allow Cuba to work out its destiny democratically.

The signers cannot be dismissed, in the customary Castro rhetoric, as lackeys of American imperialism. They speak for democrats and for a region where Cuba's defiance of democratic and human rights aspirations makes it a conspicuous post-Cold War anomaly.

trouge and subsidies gone, the continuance of post-Castro Cuba as a socialist state has already been rendered entirely implausible. Change is ensured. But what kind?

A peaceful transition requires the dictator's prompt and orderly departure in order to ease the pressures now building among his oppressed citizens, pressures that otherwise threaten chaos and even civil war in a Castro succession.

A Death-Laden Crime Bill

President Bill Clinton's crime bill is larded with provisions providing the death penalty for nearly 50 new offenses. That is the bad side of a bill that is constructive in other respects.

governments fight crime, this surely qualifies. Mr. Clinton would also increase federal support for community policing initiatives, which put the police in closer contact with the neighborhoods they serve.

Helping the Neighborhood

The Community Reinvestment Act was passed in 1977 to direct more commercial bank loans into poor communities. It has not worked well. Community organizers have been frustrated by the legal roadblocks thrown up by the banks.

give money to the community development organizations because their sole purpose is to spur development in poor neighborhoods. But he still has to find enough money to make the program effective.

A Dose of Eau de Potomac

O.K., this clinches it. It's the water in the Potomac River. That water goes into reservoirs around Washington. Some of it reaches Congress and we get the federal budget.

"Lance Corporal Him/Her, marriage is pretty much a beach assault in heavy sea conditions even if you don't wear this uniform. But try it as a Marine and you'll be pinned down by caffeine fire for years. So take it from a hardened veteran of military family life, it is better to march than to marry.

Heed a Russian 'Cry of Despair' in Estonia

By Andrei V. Kozirev
The writer is foreign minister of Russia.

MOSCOW — Until recently few Europeans had ever heard of Narva, a small Estonian town at the border with Russia in which ethnic Russians make up over 90 percent of the population.

to the legislation might satisfy international experts on human rights, but in the long run everything will depend on the feelings of the ordinary workers and employees of Narva.

These people did not have even a slightest idea that one day they would be suddenly declared aliens in their own country. Let a European reader put himself in their place and think about what Russia's response should be.

Things will settle down only when the Russian residents are told in clear terms that they are full-fledged citizens of Estonia.

Watching A Number Unwind

By Hobart Rowen

WASHINGTON — President Bill Clinton has had to withdraw his claim that a full-point reduction in long-term interest rates would add a \$100 billion thrust to the economy.

From a high of 8.1 percent in May 1992, long-term interest rates have dropped more than 150 basis points. Altogether, it is not unreasonable to attribute 100 points of the decline to prospects for deficit reduction.

Sarajevo: Great Powers Play Out the Tragedy Again

By William Pfaff

PARIS — A year and a half ago, it was possible to argue that the siege of Sarajevo was not "a new Sarajevo." Unlike in 1914, the great powers were not interested parties.

too late the implications of aggression and ethnic purge in ex-Yugoslavia. Washington has correctly insisted, however, that the crisis directly threatens Europe, not the United States, and that dealing with it has been primarily Europe's responsibility.

International Herald Tribune advertisement listing contact information for various offices and subscription rates.

A Disaster Slogging Toward a Climax

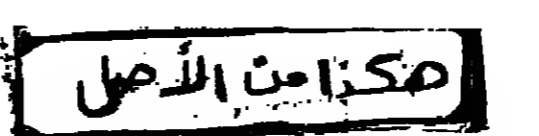
By Anthony Lewis

NEW YORK — The West's worst moral and political disaster since the Nazis is coming to a climax. And just as many politicians and institutions paid for the failure to stop Hitler, so many will pay dearly for allowing the Serbian tyrant Slobodan Milosevic, to destroy Bosnia.

The Wall Street Journal, describing how Serbian tanks and howitzers fired every night into the "safe area" of Bihać, correctly described the UN designation as "cruel and ludicrous."

International Herald Tribune advertisement listing contact information for various offices and subscription rates.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO. 1893: Southern 'Sport'. 1918: Spanish Honor.





# NYSE

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yld PE High Low Last Chg

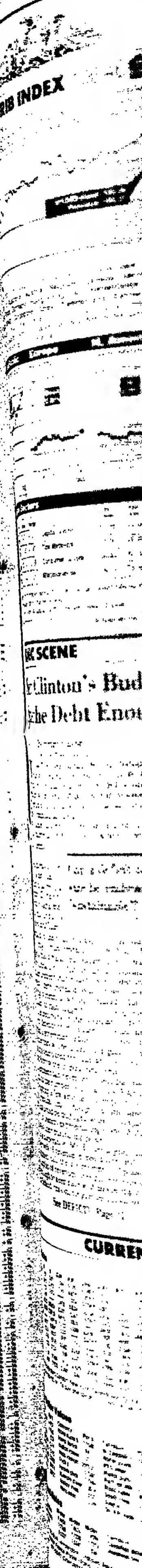
Table with 7 columns: 12 Month High, 12 Month Low, Stock, Div, Yld, PE, High, Low, Last, Chg. Contains financial data for various stocks.

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Main table with multiple columns containing stock symbols, prices, and other market data.

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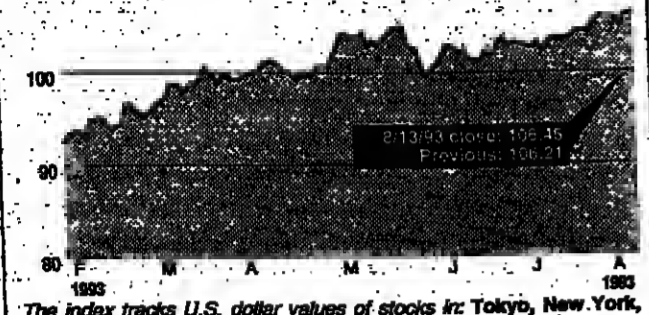


International Herald Tribune, Saturday-Sunday, August 14-15, 1993



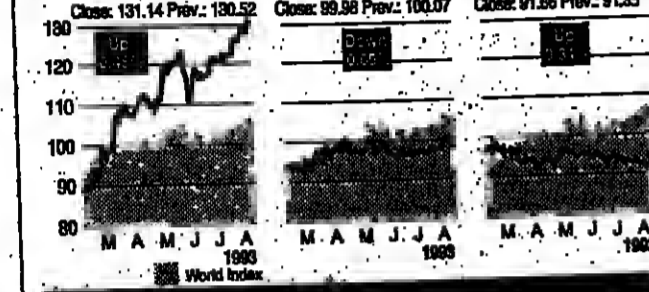
THE TRIB INDEX: 106.46

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the top 10 stocks are tracked.

Table with 3 columns: Asia/Pacific, Europe, N. America. It lists various indices and their percentage changes.



Industrial Sectors

Table showing performance of various industrial sectors like Energy, Utilities, Finance, Services, etc., with their respective index values and percentage changes.

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92291 Neuilly Cedex, France.

Market Mayhem in Seoul Kim's Ban on Anonymity Slams Stocks

SEoul — A financial panic engulfed Seoul on Friday as investors tried to bail out of the stock market after President Kim Young Sam launched a series of anti-corruption measures that, paradoxically, are expected to improve the economy.

Mr. Kim's main tactic was to outlaw anonymous financial transactions. His intent was to flush out money used for kickbacks and bribes, but the immediate effect was a stampede away from the securities market, which is expected to suffer as participants in the country's vast underground economy scramble to move their funds elsewhere.

The Korea Composite Stock Price Index fell 32.37 points, to 693.57, a record slide. Dealers said the decline would have been worse except that all issues hit their daily permissible lows.

Volume was light, about 1.5 million shares, because there were few buyers for the approximately 80 million shares on offer.

"It was a Black Friday, which incidentally fell on the 13th," said Kim Jong Dae, general manager at Yong Yang Securities Co. "The panicky selling could last several more days."

Dealers said in vestors rushed to sell shares listed under false names to avoid paying higher taxes under the new measure.

Meanwhile, the Ministry of Construction said that at least the next three months, almost all real estate deals would have to receive government approval. This is to deter money under alias accounts from flowing into real estate.

Investors sought the safety of gold and the dollar. Gold jewelry gained about 6 percent in price. The price of gold on the shelves went up to 43,000-44,000 won per ton today from 41,000 won yesterday.

Black-market money changes reported an unprecedented call for dollars. "Demand doubled today but there were no sellers," said one dealer in Seoul's Southgate Market.

Until Friday, any South Korean could walk into a bank or brokerage house and open an account in any name. It was virtually impossible for the government to trace ill-gotten gains.

The president had frequently said he planned to outlaw false-name transactions since taking power in February as part of his campaign against corruption. The financial markets, however, had banked on Mr. Kim's delaying the measure until the sluggish economy recovered and had not foreseen such action until the middle of next year.

Analysis said a positive effect of the measure was that it would provide better market access and a more favorable environment for foreign investors, thus drawing more funds into the market.

But bankers and stock brokers said they feared the already bearish stock market would suffer a blow in the short term as many wealthy people are reluctant to disclose the sources of their funds.

Mr. Kim, however, speaking on television Thursday night, said, "Let me assure those of you who live sincere and honest lives that this system will do you no harm whatsoever."

Banks and financial institutions were shut on Friday morning as staff learned how to verify identities. The stock exchange also was closed in the morning. Financial institutions were ordered to remain open until 8 P.M.

Institutions that permit an account holder to make withdrawals without providing identification face a fine of up to 500 million won (\$617,894).

Up to 60 percent of funds held in bank and securities house accounts by those who do not identify themselves within two months can be confiscated. A 96.75 percent tax will be levied on any interest or dividends that accrue. Those who withdraw large sums or remit more than \$3,000 overseas will be reported to tax authorities.

The government took some steps to cushion the effect of its move on the stock market. It required institutional investors to report their positions every two hours, brokers said, and offered loans on favorable terms to institutions whose buying outstayed selling. Additionally, the Finance Ministry said it would loosen its monetary policy.

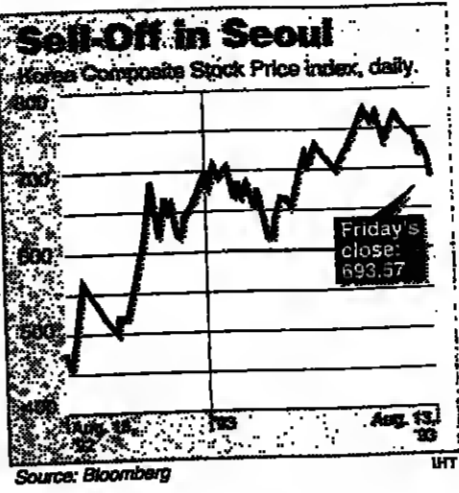
But many brokers said they expected the market would fall for another week. Investors' main concern was the uncertain future of the Korean economy, said Kim Dong Ik, an analyst with Daishin Securities Co. Also, he added, funds kept under false names must be withdrawn from financial institutions, exacerbating already tight liquidity.

"Although investors know about the long-term advantages of the real-name system, they are panicking at the moment about a serious cash crunch," he said. As a result of the new system, South Korea's huge underground money market will be eliminated, seriously hurting small companies that depend on it, he said.

The Bank of Korea committed \$400 million in emergency funds to help relieve financial troubles of small and medium-sized companies.

Among leading Seoul stock issues, Samsung Electronics Co. plunged 1,300 won to 37,300 and Hyundai Motor Co. 1,000 won to 25,300. Daewoo Securities Co. fell 1,000 won to 20,700.

Two companies managed advances, Century Co., a film distributor, was up 1,000 won to 22,000 and Shin Young Inc., a women's underwear maker, was up 2,500 to 73,000.



Source: Bloomberg

French Franc Hits a Low As Dealers Choose Marks

Balladur Warns Government Stance Depresses Bourse

PARIS — The French franc slumped against the Deutsche mark Friday to its lowest level in Europe's latest currency crisis after Prime Minister Edouard Balladur pledged to stick to conservative monetary policy despite recession.

Dealers said they preferred to hold marks over the three-day weekend in France, given the volatility of the market. Monday is a holiday for banks and markets here.

Europe's benchmark currency, the mark, was valued at 3,536 francs at the Bank of France's closing quote, much stronger than 3,509 francs Thursday, but weaker than an early Friday high of 3,537 francs.

The franc's value against the mark was the lowest since European Community finance ministers and central bankers almost two weeks ago widened the range in which most currencies in the EC's exchange rate mechanism can move against one another. Under the old regime of exchange rates, the mark was not allowed to rise above 3,435 francs. At its former peak it allowed to rise above 3,537 francs.

Mr. Balladur's remarks, made on French television Thursday night, indicated that the process of reducing interest rates would continue at a snail's pace.

Mr. Balladur called the market's speculative attacks on the franc in anticipation of its decline in value "excesses of freedom." He called for reform of the world's financial and monetary system "to protect the prosperity of countries from these speculative movements."

The mark's strength Friday followed comments from the chief economist of the Bundesbank. Oskar Issing, said that reduced expectations of an easing of German interest rates in the near term.

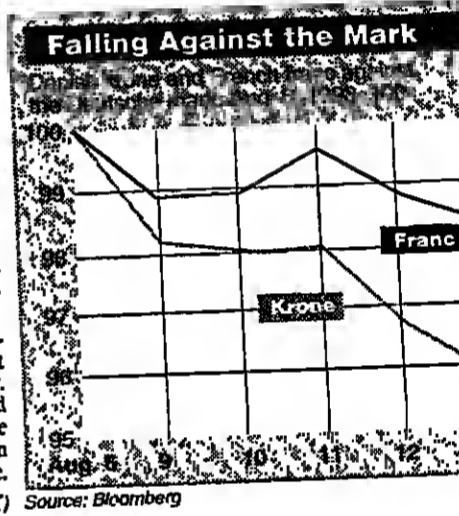
In an interview with the Frankfurt-based Borsen Zeitung, Mr. Issing said the 60 billion DM (\$34.92 billion) spent by the Bundesbank to support currencies in the exchange rate mechanism in the weeks leading up to the widening of the ERM fluctuation ranges on Aug. 2 would add to Germany's troublesome money supply.

Meanwhile, the Danish krone was again taking the brunt of tensions within Europe's currency system Friday as central bankers in Copenhagen sought to keep a tight grip on short-term interest rates.

The krone slumped against the mark on Mr. Issing's comments. The currency was trading at 4,169 to the mark in late European trading, weaker than 4,112 to the mark late Thursday and 3,921 a week ago.

But some Danish export companies that had rushed to buy marks early this month were slowly buying the krone again at its lower levels, traders said, which may help to stabilize the Danish currency.

Denmark's national bank governor, Erik Hoffmeyer, ruled out an early cut in short-term interest rates. In a statement issued by the central bank, Mr. Hoffmeyer said recent currency tensions had caused uncertainty that meant the krone's exchange rate would fluctuate "considerably more" than it had been doing, and the krone would be weaker for a short time.



Source: Bloomberg

ECONOMIC SCENE

Some Say Clinton's Budget Squeezes the Debt Enough

By Peter Passell, New York Times Staff Writer

NEW YORK — The Democrats bit the deficit bullet, but did they bite off a big enough piece? Not by Ross Perot's reckoning, or, for that matter, by Bill Clinton's. Their assumption, widely shared across the political spectrum, is that the only acceptable deficit is no deficit at all, or at least none when the economy is running at capacity.

And last week's budget accord still projects a deficit equal to 3 percent of national income in 1998 — about where it was before the bipartisan budget summit conference in 1990.

But to many economists, the long-term goal of a zero deficit, at full employment, is at best, a crude rule of thumb. If the object is to buttress a Japanese-style level of national savings, a zero deficit alone is insufficient.

On the other hand, if the goal is simply to sustain the government's capacity to pay its bills, research by William Buiter of Yale University suggests that a balanced budget is not necessary. In light of the political costs that could soon come into vogue, "sustainability" is a budget concept that could soon come into vogue.

When a company's debt increases, Wall Street doesn't assume the borrower is doing something wrong. Indeed, the fact that the company has access to cash suggests it is doing something right. What counts is the credibility of the company's promise to repay. And that, in turn, depends on its future revenues and costs.

Likewise, when a government adds to its debts, the lenders' big question is whether they will be caught in a giant Ponzi scheme — a game in which this year's creditors can get their money only if the government can borrow the interest next year.

The U.S. government can never truly become insolvent, because there is no limit to the number of dollars the Federal Reserve can create just by tapping a few keys on a computer console.

There is a practical limit, though, to the amount of federal indebtedness that could be managed without simply printing money to pay the bills, thereby expropriating some of the lenders' assets by inflating away their purchasing power.

And as with a corporation, Mr. Buiter argues, that rate turns on the expected growth of revenue, expenditure and debt service. What economists call the government's "primary budget surplus" — the surplus of revenues over current expenditures — must grow rapidly enough to keep pace with mounting interest payments.

And lo and behold, reasonable guesses about future interest rates

Can a deficit of any size be embraced as 'sustainable'?

See DEFICIT, Page 12

European Firms Fear Tax Impact of Latest U.S. Proposals

WASHINGTON — Mercedes-Benz AG and Bayerische Motoren Werke AG are expected by analysts to be hardest hit by the retention of a luxury-car tax in the U.S. budget package signed into law this week by President Bill Clinton.

Some European companies also fear another tax provision contained in the budget package which prevents U.S. subsidiaries of foreign companies from deducting certain interest payments made to a parent on debt owed to an unrelated party but guaranteed by the parent. Previously, they were only prevented from deducting interest paid directly to the parent.

Britain's Grand Metropolitan PLC and Sweden's Electrolux AB said the shift might restrict their expansion plans in the United States.

The budget package, which is aimed at cutting growth in the U.S. budget deficit by \$496 billion over five years, abolished luxury taxes on jewelry, furs, boats and aircraft, but retained a tax on luxury autos introduced two years earlier.

The 10 percent tax is applicable if the purchase price of the car exceeds \$32,000. This level, which is an increase from the previous threshold of \$30,000, will be adjusted for inflation, according to the legislation.

The budget package also includes a tax of 4.3 cents a gallon on gasoline and other transportation fuels.

The auto luxury tax brought in \$305 million in 1992 and was retained by the administration despite a substantial lobbying campaign by local dealers in support of cars for a higher tax on premium fuels as an alternative.

The tax is "clearly another form of protectionism and this time is isolated on European imports," said Paul Donnellan, director of the American International Automobile Dealers Association.

Donna Beal, a spokeswoman for Mercedes-Benz of North America Inc., said the company had yet to forecast the effects of the revised tax, but added, "there is no question the luxury tax has impacted our sales."

"Ms. Beal said, "Our dealers tell us that they have lost a significant amount of business."

A GATT panel is already investigating whether U.S. taxes such as the luxury tax are unfair trade barriers. European Community officials have said that the Community's member countries pay 80 percent of the taxes aimed at large and expensive cars, even though their carmakers account for only 3 to 4 percent of the U.S. auto market.

An S.G. Warburg analyst in Frankfurt said that foreign carmakers would "certainly feel the pinch" of the retained car tax and could suffer a drop of 10 to 15 percent in U.S. unit sales.

Joachim Berndorff, an analyst with Bank Julius Baer, also said that Mercedes-Benz and BMW would be worst hit, but noted that the new regulations would not hit the market as hard as when the \$30,000 base tax rate was introduced. "The economy was in a worse shape then and Japanese carmakers were doing a lot better at that stage," he said.

Although Japanese manufacturers produce many cars under the threshold, Toyota Motor Corp.'s Lexus is one of the models seen as being hard hit by the tax. David Beardley, a spokesman for the Japan Automobile Manufacturers Association, said the new inflation-adjusted base price was pushed for by the major

See TAXES, Page 13

Cosmo Seeks a Bailout from Daiwa to Cover Massive Losses

TOKYO — Cosmo Securities Co., a Japanese brokerage company, said Friday it had sought assistance from its second-largest shareholder, Daiwa Bank Ltd., to cover previously undisclosed losses of 69.8 billion yen (\$675 million).

Daiwa, which now holds 4.9 percent of Cosmo, is expected to acquire a majority stake after injecting 70 billion to 80 billion yen of new capital in the company, Cosmo officials said.

Japanese banks are usually not allowed to hold more than 5 percent of a stockbrokerage, but the Finance Ministry made an exception in view of the scale of the loss, one of the largest ever suffered by a Japanese broker.

"It is regrettable that the incident happened when the stock market was almost recovering from a series of scandals," Finance Minister Hirohisa Fujii was quoted as saying at a news conference. "We deal with this case strictly," said Mr. Fujii, confronting his first

stockbroker scandal since being appointed to the post on Monday. "We have to review existing systems in the industry. We also want to order securities firms to strengthen their internal controls in the deals."

The long-time practice erupted into a major scandal two years ago, handicapping the stock market and Japanese brokerages by scaring off smaller investors. A Cosmo official, who refused to give his name, said the firm was no longer engaging in the practice.

The losses disclosed Friday are four times larger than the pretax loss announced by Cosmo for the year to March 31. Cosmo's loss is also almost twice that incurred during the same period by Yamachi Securities Co., the most troubled of Japan's Big Four securities firms.

Sohei Hidaka, director general of the Finance Ministry's securities section, was quoted as saying that Cosmo did not disclose the loss during an inquiry by the ministry last year. He said that the Securities and Exchange Surveillance Committee, the market watchdog, had also failed to detect the losses.

Hirochi Nakano, president of Cosmo, was quoted as telling reporters that the company had "re-looked" its operations. "If we discovered the amounts, it would have shaken the very foundations of the company," he reportedly said.

Mr. Nakano said in a published statement that the losses had been "unavoidable" as a result of the slow recovery in Japanese stock prices since they tumbled in 1990. He said that Cosmo would cooperate with administrative authorities investigating the losses, which he blamed on directors at the company's corporate-business division.

Daiwa, one of the smaller of Japan's major banks, is expected to make Cosmo a subsidiary once it receives the approval of Japan's Fair Trade Commission. Cosmo saw its pretax losses earlier from 9.5 billion yen a year earlier to 17.5 billion yen in the year ended March 30 and had expected to return to the black in the current year with a profit of 2.5 billion yen.

CURRENCY & INTEREST RATES

Table with multiple columns showing currency exchange rates (Cross Rates, Other Dollar Values, Forward Rates) and interest rates (Eurocurrency Deposits, Key Money Rates, Gold) as of August 13, 1993.

Revenue at Euro Disney Down 2.4% for Quarter

PARIS — Euro Disney reported Friday a 2.4 percent revenue decline during the second quarter compared with last year, and also confirmed it had a loss of 500 million francs from April 1 through June 30, a figure that was predicted last month.

Euro Disney runs a year-old resort east of Paris. The company said operating revenue fell to 1,465 billion francs (\$244 million) from 1,501 billion francs.

Revenue was lower even though the park was open fewer days during the same period last year.

"This was strictly a legal filing," said a Euro Disney official concerning the semiannual legal announcement under French law. The company since last month has undertaken "strategic examination" which involves financial restructuring, she said.

The company last month blamed the losses on lower-than-expected spending per visitor on food and merchandise as well as lower occupancy rates at the hotels. The company also noted high interest, lease and depreciation charges from the initial investment.

Despite Euro Disney's difficulties, Walt Disney Co. last month reported a 17 percent increase in profit for its third quarter. The company owns 49 percent of Euro Disney.

Advertisement for KALLBACK DIRECT, featuring the slogan 'CALL FOR LESS' and describing services like international calls, hotel bookings, and digital fiber optic service at low prices.

2025 من الأصل

WORLD STOCK MARKETS

CPI Boosts Bonds, But Stocks Stymied

NEW YORK — A benign inflation environment fueled the bond-market rally Friday, but stocks failed to reap much benefit as investors were worried about the weak economy.

After a better-than-expected report on consumer prices, the yield on the new 30-year Treasury bond ended at 6.35 percent, up from the average 6.33 it was sold at Thursday but well below the 6.44 percent close of the previous belated.

On the New York Stock Exchange, however, the Dow Jones industrial average rose just 0.56 point, to end at 3,569.65. Advancing issues led declines by a small margin.

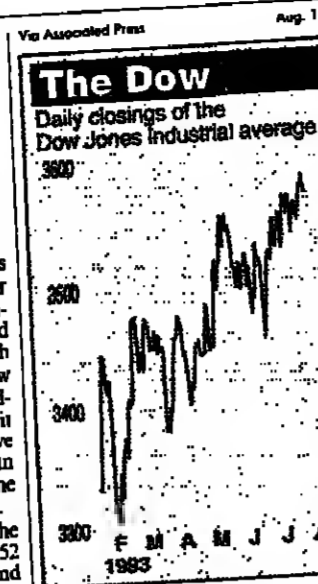
The government said the consumer price index climbed a mere 0.1 percent in July — pressured by rising medical costs but little else. Analysts expected a 0.2 percent rise.

Ricky Harrington, senior vice president of J.P. Morgan & Co. in Charlotte, North Carolina, said bonds rallied on the "better-than-expected CPI, which helped the stock market."

The sluggish economy is expected to keep interest rates low, good odds for bonds but a different story for stocks. "The implications for equities is a two-edged sword," said Charles Comer, director of research at Credit Lyonnais Research.

General Motors slid 1 1/4 to 46 1/2 after it announced relatively weak car sales for early August. GM's domestic car sales rose only 1.2 percent year-over-year in the 8 selling days.

Domestic light-truck sales, which fell 6.2 percent, particularly annoyed investors, traders said. (UPI, Bloomberg, Knight-Ridder)



The Dow Daily closings of the Dow Jones Industrial average

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Actives. Includes stocks like IBM, GE, and Ford.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Actives. Includes stocks like AT&T, Amgen, and Amgen.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Actives. Includes stocks like Amgen, Amgen, and Amgen.

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Dow Jones Averages

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Standard & Poor's Indexes

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NYSE Indexes

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NASDAQ Indexes

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AMEX Stock Index

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Dow Jones Bond Averages

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Market Sales

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N.Y.S.E. Odd-Lot Trading

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S&P 100 Index Options

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NASDAQ Diary

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EUROPEAN FUTURES

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Dividends

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U.S. FUTURES

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U.S./AT THE CLOSE

Consumer Prices Rose 0.1% in July

WASHINGTON (AP) — Inflation remained under control in July, with consumer prices rising just 0.1 percent, the government said Friday.

The department said an investigation that began in 1990 had found that Baxter, the world's largest maker of health-care products, had tricked veterans' hospitals and the military into buying extra medical supplies.

Veterans Department Bars Baxter

WASHINGTON (Combined Dispatches) — The Department of Veterans Affairs said Friday it had banned Baxter International Inc. and its units from competing for federal contracts for one year.

Fieldcrest Cannon Bid for Amoskag

NEW YORK (Combined Dispatches) — Fieldcrest Cannon Inc., the United States' largest manufacturer of towels, agreed Friday to make a tender offer for each of Amoskag Co.'s 3,441,000 common shares.

Borland Will Appeal Lotus Ruling

SCOTT VALLEY, California (Bloomberg) — Borland International Inc. said Friday it would appeal a ruling by a federal district court in Boston that a device made by Borland infringed a copyright held by Lotus Development Corp.

Smith Barney Ends Lehman Pact

NEW YORK (Bloomberg) — Smith Barney Shearson Inc. ended an arrangement that had provided it with stocks underwritten by Lehman Brothers Inc. as well as the firm's research.

For the Record

Tele-Communications Inc. had second-quarter net income of \$31 million, or 7 cents a share. A year earlier, it earned \$9 million, or 1 cent a share, on continuing operations.

POLICY: U.S. Letting Yen Climb

Continued from Page 1 Intellectual cutoff of driving up the yen to cut the Japanese trade surplus, William Cline said there was "little doubt that the administration is pleased by the strengthening of the yen, although at some point it might get nervous because too strong a yen could push the Japanese economy into recession."

Dollar Slumps in N.Y.

The dollar was lower against both the Deutsche mark and the yen in New York trading Friday, Knight-Ridder reported.

London Veils Large Trades

LONDON — The London Stock Exchange revealed details Friday of new rules that will slow the flow of information to investors about large trades of British equities.

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America

World

U.S.

Europe

Asia

Africa

Oceania

Latin America

Middle East

Other

### Rebound Of 30% for Ferruzzi

**APP-Exec News**  
**MILAN** — Ferruzzi Finanziaria SpA shares recovered some of their lost ground Friday, closing 30 percent higher at 325 lire (20 cents), on speculative buying that some analysts likened to casino gambling.  
 "How is it possible that a share in a company with almost zero capital, a mountain of debts and all manner of managerial improprieties to its name" could be worth nearly 330 lire? one analyst asked. "Only a madman could buy at these prices. It's like gambling money at the casino."  
 Ferruzzi's shares were suspended for two days this week pending an announcement of a huge capital write-down and far larger losses than originally reported. When trading resumed Thursday, the shares initially fell by about 75 percent, to 101.1 lire, before climbing back to 250 lire.  
 Small banks and financial institutions were doing most of the buying Friday, dealers said, adding that there may have been an effort by Ferruzzi's large creditor banks to restore faith in the group's restructuring plan.  
 This week, Ferruzzi wrote down its capital to 205 billion lire from 1.37 trillion lire, cutting the nominal value of its shares to 5 lire from 1,000 lire.  
 At the same time, an independent audit caused an increase in Ferruzzi's reported losses for the first five months of the year, to 1,165 billion lire from 491.5 billion lire, and the cutting of 243 billion lire of sales that had been incorrectly claimed by its main industrial unit, Montedison SpA.

### American-Midland Link Airlines Plan Code-Sharing in London

**The Associated Press**  
**LONDON** — American Airlines has agreed with British Midland Airways to push more connecting passengers through London onto each other's planes, the airlines said Friday.  
 The agreement means that flights connecting between American and British Midland will appear as one airline in computerized reservation systems, a procedure known as code-sharing.  
 The airlines said they would offer code-sharing on American flights to London's Heathrow Airport out of New York, Boston, Chicago, Miami and Los Angeles. British Midland flights involved would be between London and Amsterdam, Glasgow, and Brussels.  
 The practice gives the connecting flights of the partners higher priority for booking than would otherwise occur.  
 American and British Midland would stand to pick up passengers that might otherwise have flown British Airways. BA is a rival of American on trans-Atlantic routes and of British Midland on routes between Britain and continental Europe.  
 American cannot fly passengers into London and then take them to continental Europe because of restrictions in the commercial-aviation treaty between the United States and Britain.  
 Several major U.S. airlines — American, United and Delta — have complained that they were put at a competitive disadvantage earlier this year when Washington let British Airways enter into a similar code-sharing arrangement with USAir.  
 The American Airlines chairman, Robert Crandall, has in the past described code-sharing as a fraud on passengers because it creates the illusion that their trip would be on one airline, but he acknowledged that his airline might have to go along if the industry heads in that direction.  
 Code-sharing has become increasingly common as struggling airlines forge different partnerships to expand markets.  
 American's deal with British Midland will require approval from aviation regulators in the United States.  
 British Midland has a code-sharing arrangement with United for flights between London Heathrow and Glasgow, Amsterdam, Brussels and Nice, France. This arrangement will continue, British Midland said.  
 United declined comment on the plan, which seems likely to cost it some passengers.

### Unilever Manages A 7% Profit Gain In Tough Quarter

**Compiled by Our Staff From Dispatches**  
**LONDON** — Unilever Group, the British-Dutch consumer-products conglomerate, reported Friday a rise in second-quarter pre-tax profit of 7 percent and predicted little change in trading conditions for the rest of the year.  
 The company, which produces a galaxy of brand names such as Lever detergents and Elizabeth Arden cosmetics, said pre-tax profit rose to 254 million (\$30.3 million) from 236 million, with sales up 6 percent to 2.66 billion.  
 Analysts were encouraged by the results, which showed that the company was resilient in difficult conditions and was reaping the benefits of cost cutting.  
 The Unilever chairman, Michael Perry, said that despite difficult trading conditions, the group increased both its sales and operating profit by 6 percent for the half year, while overall profit margins were maintained at 8.1 percent.  
 "The results for the first six months of the year illustrate the resilience of our brands in those markets affected by recession and their role as vehicles for growth elsewhere," Mr. Perry said.  
 He said the strong performance of Unilever's businesses in growing economies, in particular South America and Southeast Asia, was becoming of increasing importance. European activities, which produce more than half the profit, saw operating profits marginally lower, but market shares were held in Germany and Italy, results improved, while Britain was under pressure from competition in the tea market. In North America the results were affected by intense competitive activity, especially in pasta sauces and fabric detergents.  
 A Smith New Court analyst, Tim Porter, said results were reassuring and showed resilience in difficult trading conditions in mature markets. "They are getting more efficient every time they report results," he said. However, he said he remains bearish on the stock price, believing that it peaked last year in recognition of Unilever's resilience in a global downturn.  
 A Daiwa analyst, Bridget Gander, said Unilever was in the process of introducing a new range of concentrated liquid detergents in the United States. "They were quite positive about the new product range, which they say will be priced on a par with Procter & Gamble," she said. This apparent change from its previous policy of selling at a discount to P & G amounts to an effective price rise, although much of the benefits will be spent on strong marketing for the new products, she said.  
 Ms. Gander said overall, the sales growth was particularly strong. Of the 6 percent sales increase, 2.5 percent was price and the rest was underlying volume growth and acquisitions. She said high-margin prestige products, such as Calvin Klein perfume, had seen very strong growth in the United States.  
 (Reuters, Bloomberg, AFX)

Investor's Europe			
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40	
200	350	200	
100	250	100	
0	150	0	
1992	1993	1993	
Exchange	Index	Friday Close	% Change
Amsterdam	CBS Trend	327.90	+0.38
Brussels	Stock Index	6,906.86	+0.89
Frankfurt	DAX	1,906.58	+0.08
Frankfurt	FAZ	726.18	+0.14
Helsinki	HEX	1,441.38	+1.07
London	Financial Times 30	2,389.70	+0.36
London	FTSE 100	3,016.10	+0.03
Madrid	General Index	278.45	+0.72
Milan	MIB	1,298.00	+0.23
Paris	CAC 40	2,148.00	+0.64
Stockholm	Affarsvecklingen	1,565.89	+0.66
Vienna	Stock Index	431.11	+0.23
Zurich	SBS	846.90	+0.24

Sources: Reuters, AFP  
International Herald Tribune

### Elf Revenue Edged Up in First Half

**Agence France-Press**  
**PARIS** — Elf Aquitaine, the French national oil company, posted revenue of 102.7 billion francs (\$17 billion) in the first half, up 3.85 percent from a year ago, according to a legal notice published Friday.  
 Sales for Elf's parent company fell in the same period by 4.9 percent, to 5.28 billion francs.  
 Separately, the cosmetics concern L'Oréal SA reported first-half consolidated sales of 20.89 billion francs, up 7 percent from last year.  
 Lafarge-Coppée SA, a maker of construction materials, announced first-half sales of 14.28 billion francs, down 5.17 percent from a year ago. The company said that sales, if calculated on the basis of constant exchange rates, were down 4 percent in the first half.  
 Ben Marché, the department-store chain, posted an 8.7 percent rise in sales in the first half, to 11.85 billion francs. Sales in the first half for the parent company totaled 372.4 million francs, off 1.2 percent from a year ago.  
 Bouygues SA, the construction company, posted first-half consolidated sales of 28 billion francs, down 5.4 percent from a year ago, while the chemicals company Rhone-Poulenc SA had sales of 40.03 billion francs, off 6 percent.  
 Christian Dior SA, the fashion house, rolled up first-half sales of 10.40 billion francs, up 3.9 percent from a year ago.

**Very briefly:**

- Virgin Megastore of Britain was ordered by a French court to pay two trade unions a reduced civil penalty of 200,000 francs (\$33,200) for ignoring a French ban on Sunday trading.
- Greece's parliament passed a bill clearing the way for the partial privatization of the Greek Telecommunications Organization.
- France's industrial production fell 1.9 percent in the first quarter of 1993 from the previous quarter, when it had suffered a 2.7 percent drop.
- Corporación Banesto, the holding company of Banesto SA, said it would sell a 35 percent stake in the steelmaker Acerinox SA in September.
- Lufthansa said it had sold a 12.22 percent stake in Penta Hotels in Ramats International Hotels, which already owns 49 percent of Penta.
- Germany's steelmakers suffered a drop of 4.7 percent in new orders in the second quarter of 1993, the country's steel association said.

Bloomberg, Reuters, Knight-Ridder, AFX

### MONEY: Foreign-Exchange Speculators Laugh All the Way to the Bank

**Continued from Page 1**  
 greater control of international currency flows. Many observers promptly read that as the launching of a total ban on the repositioning of capital controls. Indeed, so worried was the Federation of German Banks that on Friday it felt moved to deflate that balloon, issuing a statement saying that the recent currency crisis "cannot be used as a justification to intervene in the free movement of capital."  
 Economists across Europe reacted harshly to the idea, likening it to treating a symptom at the expense of the patient's long-term health. In the near term though, many conceded that controls might just work.  
 "If the idea is to throw sand in the machine of currency speculation it might well have that effect," conceded Michael Burke, a currency economist at Citibank in London.  
 Governments could not stop speculation by imposing controls on capital flows, thus denying speculators free access to their currencies in their home markets. But by forcing speculators to buy their currencies in offshore markets, countries could effectively smash most bets by making them prohibitively expensive.  
 This presents a philosophical problem for advocates of European unity such as France. Such restrictions on the free flow of funds across borders would fly in the face of the principles of the single market and the Maastricht treaty on economic and monetary union for the European Community.  
 "It goes against the whole idea of Maastricht by doing a complete U-turn and trying to control everything again," said a French banker who requested anonymity.  
 Many economists contend controls on the free movement of capital, no matter how laudable the intentions behind them, would damage European growth prospects. Klaus Friedrich, chief economist of Dresdner Bank in Frankfurt, equated capital controls with denying the free convertibility of European currencies.  
 Facing likely opposition from such traditionally fierce defenders of free markets as Britain and Germany, Paris has an uphill political struggle in any attempt to set capital controls. In that light a French banker lists his government's only real option as, "grim and bear it."  
 In fact, most experts feel France has little choice now but to swallow its pride and risk a further slide in the franc by cutting interest rates. "France must choose between employment and prestige," concludes Mr. Friedrich.

### NAFTA: Agreements on Labor and Environment Unblock Broad Pact

**Continued from Page 1**  
 were aimed at stemming job flight to Mexico, where labor is cheaper, and preventing further industrial pollution, especially along the Mexico-U.S. border.  
 The possibility of Mr. Gephardt, who ran for president in 1988 on a platform calling for more confrontational trade policies, makes the administration's uphill struggle for congressional approval even more difficult, said Representative Robert T. Matsui, Democrat of California.  
 Members of Congress have long predicted that the administration will face a tougher fight in the House than the Senate.  
 This prediction seemed to be borne out Friday when Senator Max Baucus, the powerful Montana Democrat who heads the Environment Committee and has wavered on the pact, said that "if these side agreements live up to their billing, they may be enough to revive the NAFTA."  
 Some of the Democratic Party's most loyal constituencies, including labor unions and some environmental and consumer groups, contend that congressional approval would result in the loss of hundreds of thousands of American jobs to low-wage, heavily polluting factories in Mexico.  
 The Clinton administration contends that the agreement would create jobs and clean up the environment by encouraging exports to Mexico, which has steep tariffs on American goods.  
 To the dismay of supporters, the White House has given only tepid support to the agreement this summer.  
 Mr. Clinton strongly backed the free-trade pact at the start of his candidacy two years ago.

As spring turned to summer last year and the outcome of the general election seemed to hinge on Rust Belt states where the pact is unpopular, he muted his enthusiasm.  
 Accused by President George Bush of waffling, and faced with a campaign staff as deeply split on the issue as the party he leads, Mr. Clinton finally declared a month before the election that he would only push the agreement through Congress if three side agreements could be negotiated.  
**Salinas Wage Pledge**  
 Mr. Clinton, speaking in Oakland, California, said President Carlos Salinas de Gortari had personally pledged to make minimum wage standards part of the free-trade agreement, Reuters reported.  
 Mr. Clinton said the pledge resulted in the overnight breakthrough on side accords.

NASDAQ Friday's Prices											
12 Month High	12 Month Low	Stock	Div	Yld	PE	12 Month High	12 Month Low	Stock	Div	Yld	PE
120	100	IBM	4.00	4.5	15	120	100	IBM	4.00	4.5	15
110	90	Microsoft	0.00	0.0	10	110	90	Microsoft	0.00	0.0	10
100	80	Oracle	0.00	0.0	12	100	80	Oracle	0.00	0.0	12
90	70	Sun	0.00	0.0	11	90	70	Sun	0.00	0.0	11
80	60	HP	0.00	0.0	13	80	60	HP	0.00	0.0	13
70	50	Intel	0.00	0.0	14	70	50	Intel	0.00	0.0	14
60	40	Motorola	0.00	0.0	16	60	40	Motorola	0.00	0.0	16
50	30	Texas Instruments	0.00	0.0	18	50	30	Texas Instruments	0.00	0.0	18
40	20	Advanced Micro Devices	0.00	0.0	20	40	20	Advanced Micro Devices	0.00	0.0	20
30	10	Linear Technology	0.00	0.0	22	30	10	Linear Technology	0.00	0.0	22
20	10	Maxim Integrated	0.00	0.0	24	20	10	Maxim Integrated	0.00	0.0	24
10	5	National Semiconductor	0.00	0.0	26	10	5	National Semiconductor	0.00	0.0	26
5	2	Rockwell International	0.00	0.0	28	5	2	Rockwell International	0.00	0.0	28
2	1	Western Digital	0.00	0.0	30	2	1	Western Digital	0.00	0.0	30

DEFICIT: Does Clinton's Plan Give the U.S. a 'Sustainable' Budget Gap?

Continued from Page 9
and revenue growth imply that the five-year budget just passed by Congress will generate a deficit that is very close to sustainable.

Interpret sustainability. To Richard Cooper of Harvard University, it does not matter how the debt is financed, as long as the borrowing does not crowd out resources available for the productivity-enhancing investment that raises living standards.

Barry Bosworth, an economist at the Brookings Institution, goes a step further. "Saving is all that counts," he says. While the high rates of domestic investment permitted by world capital markets are certainly desirable, it is the providers of the savings who will end up with the gravy.

The deeper conundrum, though, is how to interpret sustainability. To Richard Cooper of Harvard University, it does not matter how the debt is financed, as long as the borrowing does not crowd out resources available for the productivity-enhancing investment that raises living standards.

There are catches. For one thing, \$40 billion is nothing to sneeze at in the penurious new world of federal budget-making. For another, it would be more accurate to say "\$40 billion and still counting."

Thus, in a world in which foreigners are apparently willing to lend virtually unlimited quantities to the U.S. Treasury as long as they are confident that the dollar will retain its purchasing power, sustainability is what counts.

But Benjamin Friedman, another Harvard economist, takes a darker view, seeing deficits as further depleting Americans' already meager savings. Unless households have the will to offset their government's profligacy by saving more themselves, he argues, even sustainable deficits are bad news.

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NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

Table with columns: 12 Month High/Low, Div, Yld, PE, 1993 High/Low, Change. Lists various stocks and their performance.

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ADVERTISMENT

INTERNATIONAL FUNDS

Aug. 13, 1993

Quotations supplied by funds listed. Most asset values are based on the latest available data.

The marginal values indicate frequency of quotations supplied (A) - daily (W) - weekly (M) - monthly (Q) - quarterly (S) - semi-annually (Y) - yearly.

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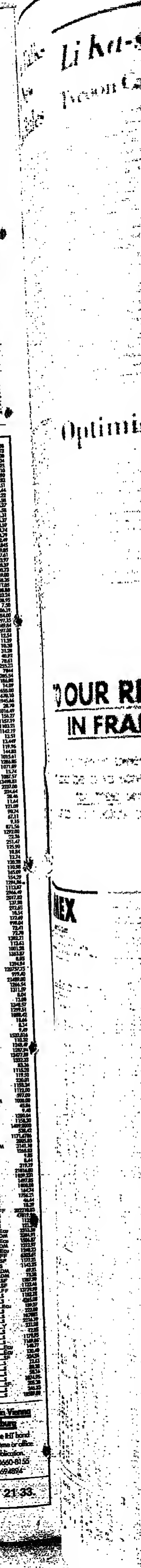
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### China Talks Seek New Bank Rules

**The Associated Press**  
**HONG KONG**—Chinese leaders including Vice Premier Zhu Rongji are huddled at a resort near Beijing working out major changes to the banking system, a pro-China newspaper here said Friday.

The Hong Kong Commercial Daily quoted an unidentified source as saying the changes would include permission for the People's Bank of China to issue currency and regulate the money supply to stabilize prices.

Mr. Zhu, who also heads the central bank, and other unnamed senior leaders are in Beidaihe, a resort about 300 kilometers east of Beijing, completing the package of measures, the newspaper said.

The newspaper said specialist banks would also be given greater freedom to fix interest rates based on a rate set by the central bank.

China's banking system is crippled by a lack of freedom that turns the banks into cash sources for the government, rather than economic regulators. Bank policy, including interest rates and credit levels, is set by China's cabinet.

**Swap Markets Criticized**  
 In a rare display of dissent over China's heavy-handed efforts to cool the economy, Reuters reported, a Shanghai newspaper has carried a scathing attack on the city's currency-swap market.

The Shanghai Xinwen Bao on Thursday published a front-page article by one of its readers complaining that the market, the largest of its kind, was the largest source of frustration among local businessmen about restrictive practices adopted by the market that are designed to curb-buying enthusiasm for dollars and prop up the value of the yuan.

## Li Ka-shing Takes a Profit Tycoon Cashes In Stake in News Corp.

**Compiled by Our Staff From Dispatches**  
**SYDNEY**—Li Ka-shing, Hong Kong's wealthiest man, has boosted his fortune by a further \$25.9 million after selling News Corp. shares received as partial payment from Rupert Murdoch, chairman of News Corp., for a stake in Asia's largest satellite-broadcaster.

News Corp. said Friday that Mr. Li had sold 6.77 million American depositary receipts in News Corp. just three weeks after Mr. Murdoch bought a holding of 63.6 percent in STAR-TV.

News of the transaction helped to make Hutchison Whampoa Ltd., Mr. Li's property and telecommunications concern, the best-performing stock in Hong Kong's Hang Seng index of blue chips on Friday. The shares rose 3.7 percent to 22.40 Hong Kong dollars (\$2.89).

News Corp. said that Hutchison and other companies controlled by Mr. Li's family had sold the American depositary receipts of News Corp. to a range

of U.S. institutions through Goldman Sachs & Co.

"I would imagine it was always his intention to sell the shares as 'very straightforward,'" said Mark Hodge, an analyst at G.K. Goh Securities, syndicator of the shares, "and with the share price rising around 10 percent in 10 days he obviously decided to take the profit and go."

News Corp. announced on

**'He obviously decided to take the profit and go.'**  
 Mark Hodge, analyst at G.K. Goh Securities

July 26 that he had paid Hutchison \$25.9 million for the stake in Hutch Vision, the parent of STAR-TV.

The purchase price was paid half in cash and half in shares, which until Friday placed Mr. Li

among News Corp.'s top 20 shareholders with about 2.7 percent of the company.

A spokesman for Hutchison in Hong Kong described the sale of the shares as "very straightforward." Acquired for \$41.87, the News Corp. depositary receipts were sold for \$46, he said.

Mr. Li, whose fortune is estimated at \$6 billion, has retained a 36.4 percent stake in STAR-TV, which has an estimated 45 million viewers in 38 countries across Asia.

Mr. Murdoch's move on STAR-TV followed his withdrawal from a plan to buy 22 percent of a rival Hong Kong company, Television Broadcasts Ltd., because of regulatory obstacles.

News Corp. will fund the cash payment to Hutchison Whampoa through a convertible preference share issue.

On the Australian stock market, News Corp. shares closed 15 cents down Friday at 8.90 Australian dollars (\$6).

(AFP, Bloomberg)

## Japan Economy Not at Bottom, Says Minister

**Compiled by Our Staff From Dispatches**  
**TOKYO**—Finance Minister Hirohisa Fujii said Friday, without elaboration, that Japan's economy had not yet hit bottom.

Mr. Fujii reported that several cabinet ministers including himself, Deputy Prime Minister Tsutomu Hata and Hiroshi Kamegaki, the minister of international trade and industry, would meet later this month to map out a strategy to spur the economy.

It could take time for the eight-party coalition government of Prime Minister Morihiro Hosokawa to take measures to prop up the economy, analysts said.

Mr. Fujii also said he viewed the soaring yen as serious. His comment came on a day in which it was announced that the appreciation of the yen, an unusually cool summer and protracted economic sluggishness had cast a pall over smaller Japanese companies.

In June, the Economic Planning Agency had predicted that the worst of the recession was over although the economy had not yet embarked on full recovery.

Meanwhile, Japan's Ministry of Finance won approval to restrain growth in government spending in the coming fiscal year. Mr. Hosokawa's cabinet backed the ministry's request to hold spending growth starting next April to a 3.8 percent increase.

This will bring to 41.45 trillion yen (\$402 billion) the maximum that government agencies can request in the general accounts, which exclude debt servicing and subsidies to regional governments.

The budget ceiling is usually set by late July, but was delayed this year by the political turmoil that culminated in Japan's first government in 38 years not led by the Liberal Democratic Party.

Government agencies are due to submit their budget requests by the end of August, kicking off marathon negotiations among ministries. The budget will then be up for legislative debate in January.

Japan's tight budget, caused by falling revenues, prompted the Finance Ministry to set a low ceiling on overseas aid for the coming fiscal year.

Military spending growth will be held to a 1.95 percent increase. Actual military spending by only 2 percent in the current budget, the smallest increase since the beginning of the 1960s. The Finance Ministry had initially wanted flat growth in defense spending, arguing that the yen's recent appreciation would help Japan save dollar-denominated expenditure.

(Reuters, Bloomberg)

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	7,382.25	7,339.55	+0.72
Singapore	Straits Times	1,917.87	1,902.80	+0.79
Sydney	All Ordinaries	1,855.90	1,878.30	-0.93
Tokyo	Nikkei 225	20,745.17	20,765.28	-0.10
Kuala Lumpur	Composite	771.91	776.16	-0.55
Bangkok	SET	964.62	963.17	+0.15
Seoul	Composite Stock	693.57	725.94	-4.46
Taipei	Weighted Price	4,122.12	4,140.75	-0.45
Manila	Composite	1,759.65	1,751.65	+0.46
Jakarta	Stock Index	379.94	380.29	-0.09
New Zealand	NZSE-40	1,880.26	1,888.82	-1.51
Bombay	National Index	1,169.50	1,155.80	+1.19

**Very briefly:**

- China and South Korea agreed in principle to launch their first joint-venture satellite. Details are under discussion, but China seeks South Korea's semiconductor and electronic-equipment manufacturing skills, and Seoul needs China's satellite-making and launching technology.
- Shinawatra Computer & Communications Co., which will launch Thailand's first communications satellite in December, said it had paid 356 million baht (\$14.1 million) in the second quarter, up 149 percent from a year earlier.
- Kader Investment, a Hong Kong real-estate company controlled by China, is taking control of the construction concern Ho Sing Holdings in a 174.2 million Hong Kong dollar (\$22.5 million) transaction.
- Vietnam said its exports in the first seven months of the year rose 19.5 percent from a year earlier, to a total of \$1,504 billion.
- The Philippines had a trade deficit of \$2.48 billion in the first five months of this year. Exports rose 12.6 percent to \$42.2 billion, but imports grew 19 percent to \$67.0 billion.
- Kowloon Motor Bus Co., Hong Kong's largest bus company, named John Chan, a former secretary for education and manpower in the colony's government, as its managing director.

## Optimism Pervades Bombay

**Reuters**  
**BOMBAY**—Bombay stock prices hit a five-month high on Friday amid renewed optimism about the Indian economy, with exports rising sharply and favorable weather helping agriculture, brokers said.

"The market is moving up because there are no more political uncertainties, companies are reporting good results, the monsoon is good and inflation is under control," said Rajesh Koshal, vice president of India Securities Ltd.

The Bombay 30-share index hit a five-month high of 2,522.48 on Friday, up 38.68 points for the day.

Doubts about the future have been allayed by Prime Minister P.V. Narasimha Rao's defeat of a no-confidence motion on July 28, Mr. Koshal said. "Now the government can focus on speeding up the economic reforms process it initiated two years ago," he added.

While the fiscal year ending in March 1992 showed growth of just 1.2 percent, the economy picked up to 4.2 percent last year. The Reserve Bank of India predicted a growth rate of around 5 percent for the current year.

The central bank said agricultural output would grow 6 percent, almost twice that achieved last year. Agriculture is being aided by good June-September monsoon rains, which determine productivity in the rural sector, where 70 percent of India's 880 million people live.

Inflation has been brought down to less than 6 percent, from 13.6 percent a year ago, while exports grew 27 percent in the first quarter of this fiscal year.

The economy remains sluggish and business earnings have not shown any signs that they have hit bottom," said Shigeru Ogata, an analyst at Tokyo Commerce & Industry Research Co., which specializes in credit ratings.

In July, there were 1,167 cases of bankruptcy with debts of more than \$100,000. The number was down 1.3 percent from June and 1.4 percent from a year earlier. Bankruptcies caused by the economic slowdown accounted for 57.2 percent of all cases in July, surpassing 50 percent for 16 months.

The number of Japanese businesses that went into bankruptcy declined in July, but analysts said the respite was only temporary.

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## TAXES: Europeans Take Aim at U.S. Budget Law

**Continued from Page 9**

U.S. carmakers to ensure that most of their models remained under the tax threshold.

Some carmakers noted they might benefit from the new measure because their models were priced just under the taxable level.

Elke Martin, a spokesman for Saab Cars USA Inc., said the increase in the threshold was "obviously good news" for the company. She said that Saab's most popular model had a \$31,700 base price and that buyers could avoid a tax.

Robert Austin, director of Communications at Volvo Cars of North America, said only 10 percent of the company's cars sold in America were over the new \$22,000 threshold. "The impact on Volvo will be minimal," he said.

Regarding the expanded limitations on deductions of interest payments, Doug Stanton, the tax director of Grand Metropolitan, said the company had lobbied vigorously against the introduction of the new provision in the tax bill.

He said his company believed that the legislation discriminated against foreign companies and was "yet another attack on foreign investment in the U.S. which has to be resisted."

Grand Metropolitan made a major investment in

1989 with its acquisition of Pillsbury Co. for \$5.8 billion.

The measure will retain two features which will enable some companies to offset new tax payments. U.S. subsidiaries whose net interest payments are below 50 percent of adjustable taxable income or whose debt-to-equity ratio is below 1.5 to 1 are exempt.

The new provision was proposed by the U.S. Treasury to strengthen measures against "earnings stripping," a perceived abuse in which a company pays interest on debt to its parent instead of dividends on earnings, which are taxable under U.S. law.

Among other leading European companies with large interests in the United States, the Swedish consumer-goods company Electrolux AB also said that the new provision could affect expansion plans.

The Federation of Swedish Industries said that it was opposed to both the enhanced and existing provisions under the earnings-stripping rule. "It does not take into consideration the fact that, in the beginning at least, U.S. subsidiaries must rely on loan guarantees from their parent companies," said Sven Lodin, the federation's deputy director. "It means that the subsidiaries carry a higher tax burden than their American counterparts, in violation of tax treaties."

## Malayan Banking Boosts Profit, Plans Expansion

**Compiled by Our Staff From Dispatches**  
**KUALA LUMPUR**—Malayan Banking Bhd., Malaysia's largest commercial bank, announced Friday a 41 percent rise in pre-tax profit, to 791.5 million ringgit, for the year ended June 30 and said it was expanding operations in both Asia and Europe.

The group also said it would double its authorized share capital to 2 billion ringgit and award a bonus of one common share for every two existing shares.

Regarding expansion plans, Ahmad Mohamad Don, the bank's managing director, said that there were plans to expand branch operations in Cambodia, Vietnam, China, Papua New Guinea and Uzbekistan.

Mr. Ahmad said the expansion was in line with the bank's strong financial performance in recent years.

Total assets increased 17 percent to 54.22 million ringgit. Loans grew only 7 percent to 33.98 million ringgit, while deposits jumped 19 percent to 36.5 million ringgit.

"What we have just achieved is a very tall order which may not be repeated this year," said Mr. Ahmad. "The economy seems to be moving quite nicely and if it keeps up, we can have 15 percent growth in group profit next year."

(AFP, Bloomberg)

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(AFP, Bloomberg)

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12 Month High	Low	Div	Yld	PE	52 Wk High	52 Wk Low	Chg
AA	12.50	0.00	0.00	0.00	12.50	12.50	0.00
AAA	15.00	0.00	0.00	0.00	15.00	15.00	0.00
AAAB	18.00	0.00	0.00	0.00	18.00	18.00	0.00
AAAC	20.00	0.00	0.00	0.00	20.00	20.00	0.00
AAAD	22.00	0.00	0.00	0.00	22.00	22.00	0.00
AAAE	25.00	0.00	0.00	0.00	25.00	25.00	0.00
AAAF	28.00	0.00	0.00	0.00	28.00	28.00	0.00
AAAG	30.00	0.00	0.00	0.00	30.00	30.00	0.00
AAAH	32.00	0.00	0.00	0.00	32.00	32.00	0.00
AAAI	35.00	0.00	0.00	0.00	35.00	35.00	0.00
AAAJ	38.00	0.00	0.00	0.00	38.00	38.00	0.00
AAAK	40.00	0.00	0.00	0.00	40.00	40.00	0.00
AAAL	42.00	0.00	0.00	0.00	42.00	42.00	0.00
AAAM	45.00	0.00	0.00	0.00	45.00	45.00	0.00
AAAN	48.00	0.00	0.00	0.00	48.00	48.00	0.00
AAAO	50.00	0.00	0.00	0.00	50.00	50.00	0.00
AAAP	52.00	0.00	0.00	0.00	52.00	52.00	0.00
AAAQ	55.00	0.00	0.00	0.00	55.00	55.00	0.00
AAAR	58.00	0.00	0.00	0.00	58.00	58.00	0.00
AAAS	60.00	0.00	0.00	0.00	60.00	60.00	0.00
AAAT	62.00	0.00	0.00	0.00	62.00	62.00	0.00
AAAU	65.00	0.00	0.00	0.00	65.00	65.00	0.00
AAAV	68.00	0.00	0.00	0.00	68.00	68.00	0.00
AAAW	70.00	0.00	0.00	0.00	70.00	70.00	0.00
AAAX	72.00	0.00	0.00	0.00	72.00	72.00	0.00
AAAY	75.00	0.00	0.00	0.00	75.00	75.00	0.00
AAAZ	78.00	0.00	0.00	0.00	78.00	78.00	0.00
AABA	80.00	0.00	0.00	0.00	80.00	80.00	0.00
AABB	82.00	0.00	0.00	0.00	82.00	82.00	0.00
AABC	85.00	0.00	0.00	0.00	85.00	85.00	0.00
AABD	88.00	0.00	0.00	0.00	88.00	88.00	0.00
AABE	90.00	0.00	0.00	0.00	90.00	90.00	0.00
AABF	92.00	0.00	0.00	0.00	92.00	92.00	0.00
AABG	95.00	0.00	0.00	0.00	95.00	95.00	0.00
AABH	98.00	0.00	0.00	0.00	98.00	98.00	0.00
AABI	100.00	0.00	0.00	0.00	100.00	100.00	0.00
AABJ	102.00	0.00	0.00	0.00	102.00	102.00	0.00
AABK	105.00	0.00	0.00	0.00	105.00	105.00	0.00
AABL	108.00	0.00	0.00	0.00	108.00	108.00	0.00
AABM	110.00	0.00	0.00	0.00	110.00	110.00	0.00
AABN	112.00	0.00	0.00	0.00	112.00	112.00	0.00
AABO	115.00	0.00	0.00	0.00	115.00	115.00	0.00
AABP	118.00	0.00	0.00	0.00	118.00	118.00	0.00
AABQ	120.00	0.00	0.00	0.00	120.00	120.00	0.00
AABR	122.00	0.00	0.00	0.00	122.00	122.00	0.00
AABS	125.00	0.00	0.00	0.00	125.00	125.00	0.00
AABT	128.00	0.00	0.00	0.00	128.00	128.00	0.00
AABU	130.00	0.00	0.00	0.00	130.00	130.00	0.00
AABV	132.00	0.00	0.00	0.00	132.00	132.00	0.00
AABW	135.00	0.00	0.00	0.00	135.00	135.00	0.00
AABX	138.00	0.00	0.00	0.00	138.00	138.00	0.00
AABY	140.00	0.00	0.00	0.00	140.00	140.00	0.00
AABZ	142.00	0.00	0.00	0.00	142.00	142.00	0.00
AACA	145.00	0.00	0.00	0.00	145.00	145.00	0.00
AACB	148.00	0.00	0.00	0.00	148.00	148.00	0.00
AACC	150.00	0.00	0.00	0.00	150.00	150.00	0.00
AACD	152.00	0.00	0.00	0.00	152.00	152.00	0.00
AACE	155.00	0.00	0.00	0.00	155.00	155.00	0.00
AACF	158.00	0.00	0.00	0.00	158.00	158.00	0.00
AACG	160.00	0.00	0.00	0.00	160.00	160.00	0.00
AACH	162.00	0.00	0.00	0.00	162.00	162.00	0.00
AACI	165.00	0.00	0.00	0.00	165.00	165.00	0.00
AA CJ	168.00	0.00	0.00	0.00	168.00	168.00	0.00
AA CK	170.00	0.00	0.00	0.00	170.00	170.00	0.00
AA CL	172.00	0.00	0.00	0.00	172.00	172.00	0.00
AA CM	175.00	0.00	0.00	0.00	175.00	175.00	0.00
AA CN	178.00	0.00	0.00	0.00	178.00	178.00	0.00
AA CO	180.00	0.00	0.00	0.00	180.00	180.00	0.00
AA CP	182.00	0.00	0.00	0.00	182.00	182.00	0.00
AA CQ	185.00	0.00	0.00	0.00	185.00	185.00	0.00
AA CR	188.00	0.00	0.00	0.00	188.00	188.00	0.00
AA CS	190.00	0.00	0.00	0.00	190.00	190.00	0.00
AA CT	192.00	0.00	0.00	0.00	192.00	192.00	0.00
AA CU	195.00	0.00	0.00	0.00	195.00	195.00	0.00
AA CV	198.00	0.00	0.00	0.00	198.00	198.00	0.00
AA CW	200.00	0.00	0.00	0.00	200.00	200.00	0.00
AA CX	202.00	0.00	0.00	0.00	202.00	202.00	0.00
AA CY	205.00	0.00	0.00	0.00	205.00	205.00	0.00
AA CZ	208.00	0.00	0.00	0.00	208.00	208.00	0.00
AA DA	210.00	0.00	0.00	0.00	210.00	210.00	0.00
AA DB	212.00	0.00	0.00	0.00	212.00	212.00	0.00
AA DC	215.00	0.00	0.00	0.00	215.00	215.00	0.00
AA DD	218.00	0.00	0.00	0.00	218.00	218.00	0.00
AA DE	220.00	0.00	0.00				

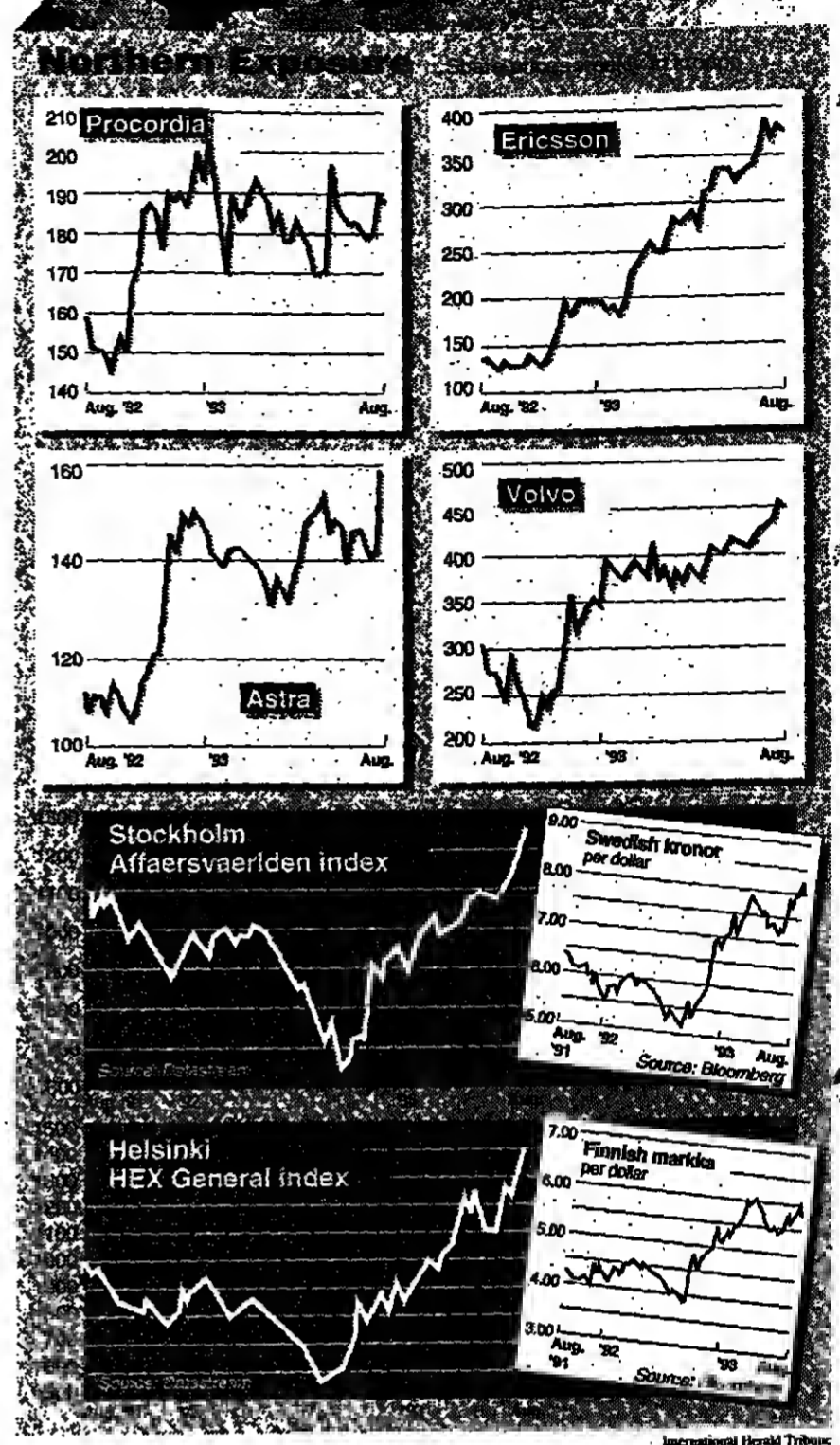
THE MONEY REPORT

FIRST COLUMN Optimists Should Take An Umbrella

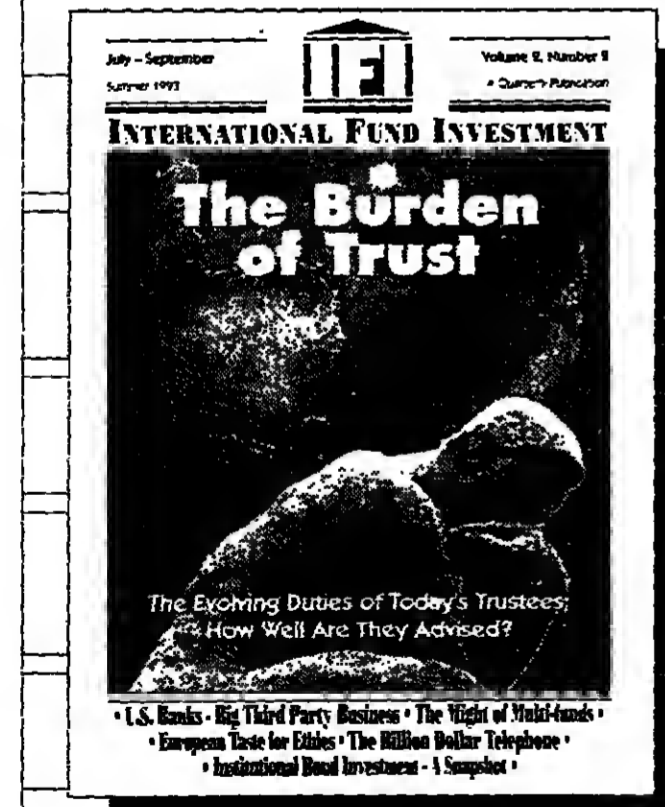
STOCKS hit all-time highs in Britain and France this week, and a three-year high in Germany. Why? Expectations of lower interest rates and an economic revival to go with them.

Swedish Stocks Poised to Profit From a Decline in Interest Rates

By Philip Crawford
ESPITE the gradual rise of the Swedish stock market since last October and its steep increase over the past two weeks...



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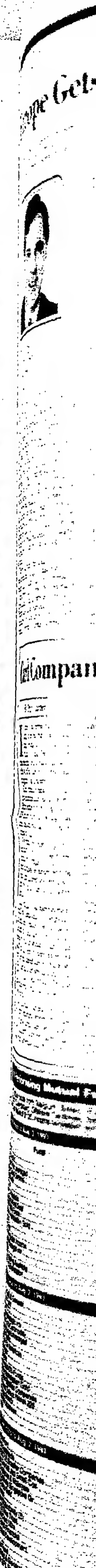
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In Finland, Shares Surge as Markka Sags

By Conrad de Aenlle
HOT is not an adjective that often springs to mind when thinking about Finland, but its stock market has been one of the world's best performers over the last year.

Advertisement for Lehman Brothers, U.S. \$75,000,000 Initial Share Price U.S. \$10. Includes text about the Lehman Currency Advisors Portfolio N.V.



THE MONEY REPORT

Europe Gets a Jolt of Reality While Opportunity Knocks in Canada

Members of a panel of experts in economics and investment offer their opinions on the world's major economies, currencies and financial markets.



Howard Flight, director, Guinness Flight Global Asset Management

Let us be thankful that the markets have finally forced economic reality on the rest of Europe. With the Bundesbank perceiving Germany as still requiring a "neo-monetarist" high interest rate policy to combat the massive fiscal deficit produced by unification, when the rest of Europe manifestly requires a substantial reduction in real and nominal interest rates in the face of worsening recession, a fixed or semifixed European exchange rate system is clearly imperable.

Outlook

will probably take some time for France's changed political policies in Europe to emerge, but it must be likely that it will now seek to lead a coalition of other, and particularly Latin, European countries against Germany, where Britain may be wise to remain on the sidelines.

In general economic terms, what has happened is wholly positive. It permits the necessary reduction in interest rates in European economies irrespective of Bundesbank policies.



Christopher Kwiecinski, investment manager, Banque Indosuez, Global Private Banking

Half-way through the summer, dollar-based investors face two basic questions concerning the international investment scene. First, how much life does the bull market in U.S. bonds have left in it, or more broadly, how durable is the current low inflation environment? Second, has the U.S. dollar finally turned against the Japanese yen and is there still a lot of wind in the American currency's sails compared with the European currencies, particularly after the recent upheavals?

structural forces, albeit with diminishing intensity in both of them. It is becoming more difficult to identify factors that would pull inflation down from current levels. On the contrary, faltering productivity growth, not to mention the recent Midwest floods, the likelihood of higher mandated employment costs combined with the new energy tax are bound to push inflation higher in coming months.

The yields on the longer-dated U.S. Treasury bonds are revisiting the exceptionally low levels reached in mid-July. With annualized inflation in the 3 percent to 3.5 percent range, a long-bond yield of 6.5 percent implies the bond is fully priced.

Having found relatively slim pickings on their home markets, dollar-based investors need look only north of the U.S. border for somewhat more attractive opportunities. Canada's easy monetary policy, stable currency, weak economic recovery and low inflation rate have all contributed to a steady decline in interest rates. Despite the high debt levels and the approach of this autumn's federal election, Canadian bonds make up one of only two major markets (the other is Australia) expected to deliver double-digit total U.S. dollar returns on a 12-month view.



Anna Tong, director, Aetna Investment Management (Hong Kong) Ltd.

Picture a country with a history of coups, corruption, natural disasters, rebels; then add to it a well-educated, English-speaking, low-wage labor force, oil discoveries and a government seeking economic reform, and what do you have? Some would call it a recipe for rapid growth, some would say it is a high-risk investment and still others would say it is a description of the Philippines. In fact, it is all three.

Few Asian stock markets generate as much debate as the Philippines. Pessimists believe that the Philippines is destined for eternal Third World status as a result of its checkered past and social-economic factors. Optimists take the view that the Philippines is now on the verge of an economic transformation that will make it one of the fastest growing economies in Asia. The reality lies somewhere in between.

ment and a high population growth have forced many of the most talented workers to join the millions of Filipinos working overseas. More recently, the country has also been the victim of a series of natural disasters, which lead the superstitious to believe that the Philippines is plain unlucky.

The good news is that its luck may finally be changing. The Philippines is blessed with a large and well-educated work force (population 63 million), abundant natural resources and close proximity to some of the fastest growing and wealthiest economies in the world. The Aquino and Ramos administrations have made efforts to improve the economy by undertaking tax reforms, foreign exchange and investment deregulation.

In fact, if one were to use the stock market as the traditional economic and confidence barometer, a transformation has already begun. From the end of 1990 to July 30, 1993, the Manila Index has surged by 167 percent in U.S. dollar terms despite a volatile currency and weak economic growth.

Card Companies Circle Wagons Against Fraud

In spite of global recessionary problems, the debit and credit card business is booming. So, too, unfortunately, is card crime. The problem has become so serious that banks around the world have embarked on a three-year program to beat the fraudsters.

that some of its customers put the lessons to practical use and defrauded the bank. In March, British banks launched a campaign called Cardsafe. More than £3 million (£4.5 million) was spent on advertising and on distributing leaflets in banks and workplaces.

But card fraudsters are sophisticated criminals, often backed by large organized gangs. As soon as one problem is solved another takes its place. So card companies are looking at numerous new ways of foiling thieves. One method is to replace the magnetic strip on the back of cards with electronic chips.

Other plans, still a few years off, involve biometrics. Clients have to give physical proof they are the authorized card user. Finger-scanning is one method. Dynamic signature verification is another, whereby a pad underneath the bills monitors the way the signature is written.

Slices of Mortgage-Backed Pie

INVESTORS looking for higher yields are increasingly turning to mortgage-backed securities and their derivatives, collateralized mortgage obligations, or CMOs. European investors purchased \$8 billion to mortgage-backed securities in 1992, up 50 percent from 1991.

Ms. Shontell added that in addition to a certain amount of sophistication, investors "have to understand the U.S. housing market and the mortgage market," as well as the impact that rate fluctuations can have on a CMO.

Best Performing Mutual Funds

Table with columns for fund names, performance metrics, and dates. Includes funds like Mercury Asset Management and J.P. Morgan Funds.

BRIEFCASE

Mercury Offers Fund On Emerging Markets. Mercury Asset Management has become the latest high-profile money manager to offer a fund investing in up-and-coming markets.

Dividends Increase But Is That Good?

While the love affair with mutual funds has helped push up stock prices, market historians have been warning for a couple of years that dividends were not keeping pace.

German Court Gives Investors Protection

A court in Germany, a country that is not always investor-friendly, has issued a ruling that ought to cheer investors who deal through banks in Germany.

OFFSHORE FUND GUIDE. Over 1000 Offshore Funds. Includes contact information for various fund providers.

No. 1 OFFSHORE COMPANY SPECIALISTS. Professional services for offshore companies.

OFFSHORE COMPANIES FROM ONLY US\$250. More and more offshore companies and trusts are being established.

TOP FUNDS. North Star Group of Companies operates 33 investment funds which have been awarded No. 1 by Lipper's of the US.

OFFSHORE COMPANIES INSURANCE/RETIREMENT COMPANIES BANKS ASSET/INCOME PROTECTION. Over 30 years experience in providing services internationally for all types of business.

# SPORTS ATHLETICS

## Lewis Versus Christie: The 100-Meter Rivalry Is One-Sided

By Ian Thomsen

**STUTTGART** — As he saw the sun setting yellow in Ben Johnson's eyes, Carl Lewis knew he was looking at the fastest man in the world. That it was a speed fueled by drugs was irrelevant, one minute before the gun starting the Olympic 100-meter final of 1988.

"Do I really want to put myself through this anymore?" Lewis wondered, and he wished the crowd would shut up so he could concentrate. For 10 crucial seconds, just before settling into the blocks, he thought like a loser. Eventually Johnson's gold medal would be handed over to him, like something from the lost-and-found, but that is not the point as Lewis returns to the World Athletics Championships this weekend. The lesson is that he understands, five years later, what others feel when they shake hands with him.

"When you come to a championship like this, and you've won it in the past and you've run well, I think people are aware of what you're doing," Lewis said. "I think a lot of people talk about what I do in a competition like this. They have to be aware because of the past record.

"But in the end, they have to focus on what they do," he said, and he might have laughed slyly.

The favorite to win the 100 meters Sunday night is 33-year-old Linford Christie of Britain. The title of favorite is more like a dare. He won this event in 9.96 seconds at the Olympics last summer, but he did not beat Lewis, who was stifled by a virus during the U.S. team trials. Christie has beaten Lewis in two recent meetings, but neither was a championship event. He has fulfilled most of his dreams, but place them in the hand of the world's fastest human and they become moral victories.

It might strike Christie enormously Sunday night, as the two exchange their greetings, that his obsession with his rivalry is not at all mutual.

For Christie, this race would seem to be about beating Lewis. With eight Olympic gold medals each from the Olympics and the World Championships, Lewis has greater claims in mind. He still owns at least half of the 10 best performances in four events, the 100 and 200 meters, the long jump and the 4 x 100-meter relay. But he turned 32 in July, and whiplash lingers from his car accident in

February, which forced him to give up the long jump this year. He will resume jumping next year, with expectations of breaking Mike Powell's world record and competing into the 1996 Olympics. "I do believe I can jump my farthest in the future," he said.

Those plans are dependent largely on his performances in the 100 and 200 meters here. Once Christie had recovered from his own back problems, he was the one chasing Lewis's overtures for a match. This event though Lewis hasn't won a 100 in six tries this year, with a best of 10.07.

"If I was younger and less experienced, I might have a problem with that," Lewis said. "When you've been to three World Championships, three Olympic Games, and numerous other competitions in between, there's no question that it isn't easy for me to focus around the invitationals. I can't sit here and tell you anything differently. When you start your season and your coach says we'll be ready for this meet, and all season long you're preparing for that particular competition, then your focus will be at a peak level, and your concentration will be at a peak level at that meet."

In other words, he'll start well.

"If I'm focused and concentrating, then I will start well," he promised. "I will be as focused as I've been all season. In the end, you want to be world champion. The other meets are just a stepping stone."

The two elders might very well be buried by Andre Cason, who beat Lewis in the U.S. trials, or by Frank Fredericks of Namibia, the silver medalist in Barcelona. For his part, Lewis need only recall his world record of 9.86, set at these championships in Tokyo two years ago. All that season he had been unable to overcome his Santa Monica teammate, Leroy Burrell, who had set a record of 9.90 two months before Tokyo.

(Burrell, injured during the U.S. trials, failed to qualify for these championships.)

"All of a sudden that was the goal for everyone to shoot for," Lewis said. "We realized that someone was going to have to run in the 9.8s to win that meet. Leroy set the tone of excellence that everyone had to shoot for."

The best this year is a 9.99 by Daniel Effiong of Nigeria. Christie's best is only 10.03.

"There's a difference in design, there's a dif-

ference in the tone that was set," Lewis said. "No one has run the fast time that everyone is shooting for. I feel very confident because I feel that I can run those kinds of times that I ran just two years ago. I feel I'm in good condition and if I run well I can run those kinds of times. That's where my mind is now."

The professional era has allowed Lewis and Christie to exceed the suspected boundaries of age. In an earlier day, they might have retired in their 20s. Lewis claims to be stronger than he was 10 years ago, to enjoy training more. Then he adds, "I'd like to run well here to show myself that I've had an off season." And: "I want to run the kind of race I can run so that people can see me and not see the remnants of me that they've seen at these other meets."

His plan is to assert himself in the heats Saturday.

"I think after the first round," he said, "everyone sees what's going on and people start to think about what others are doing more."

By "others" he means, basically, himself. Which is to say, he is looking forward to the handshakes Sunday.

## Morceli Threatened With Ban

**STUTTGART** — The IAAF's president, Primo Nebiolo, said Friday that Algerian distance runner Noureddine Morceli risks being suspended for two months and barred from the 1996 Olympics if he boycotts the World Championships.

Morceli, the world record-holder and reigning world champion at 1,500 meters, has threatened to boycott the championships unless he receives appearance money.

Nebiolo reiterated that no appearance money will be offered to any athlete and stressed that IAAF regulations specify that athletes selected by their national federations are obligated to compete in World Championships and Olympics, unless they are sick or injured.

"Morceli reiterated Friday that he would not give in to IAAF pressure. The world championships are not very important for me because I am already the world champion, he said from Switzerland, where he is vacationing.

"Of the Olympic ban, he added: "In three years, things might change, there could be another president of the IAAF."

There were indications, however, that behind-the-scenes negotiations were continuing in an effort to convince Morceli to show up.

The ban could be costly for the 23-year-old runner. He would miss the final two meets of the "Golden Four" series, in Berlin and Brussels, ending his chances of collecting 20 hours of gold by winning his event at all four meets.

Morceli has suggested that a few select athletes, including Carl Lewis, are being paid to compete in Stuttgart.

But Nebiolo said, "I declare officially that no money will be paid to an athlete to compete here and that no money has been offered. Some people have asked for a suite or a room, but this is completely different."

Earlier this year, top American athletes threatened to boycott the championships unless they received prize money but they backed down. As a compromise, individual winners will receive a new Mercedes automobile worth about \$30,000.

On another issue, Nebiolo said the controversial doping case of German sprinter Katrin Krabbe will be discussed by the IAAF council on Aug. 22 or 23.

Krabbe, who won the 100 and 200 meters at the 1991 World Championships in Tokyo, tested positive for drugs last year and was suspended for four years. The national federation is seeking to reduce the ban on the grounds that it is not recognized by German courts.

"We will face the problem," Nebiolo said. "I don't know what the council will do, but the item is on the agenda."

Italian officials said Friday that shot and discus thrower Luciano Zerbini, 33, had failed a drug test and faces the automatic four-year suspension.

The national discus champion, who is from Verona, failed a drug test Sunday at a meet in Schio, officials said. Tests on the second urine sample Friday confirmed the use of steroids. (AP, AFP)

## Royals Defeat White Sox As West's Race Tightens

The Associated Press

All the attention focused on the American League East race this week overshadowed a big weekend series looming in the West.

It got under way at Comiskey Park as Kevin Appier outpitched Jack McDowell and Kansas City closed to 2½ games of first-place Chicago by beating the White Sox, 4-2, Thursday night in the opener of a four-game set.

The White Sox have lost six of nine. Texas took advantage of the loss, beating California to move within three games of the lead.

In the AL East chase, first-place Toronto lost to Minnesota and

Appier gave up a home run to Tim Lincecum to start the game — it was Raines' 2,000th hit in the majors — but only six more hits, and all of them leading off innings. He walked two and struck out one in his fourth complete game of the season.

"I put so much pressure on me every game that I couldn't put more on for this one," Appier said. "They got a lot of leadoff hits but I was able to get out of most of the situations," he said. "None of my pitches was that good, but I had good control of them."

McDowell, at 18-7 tied with San Francisco's John Burkett for the major league lead in victories, had his six-game winning streak stopped. He gave up four runs, three of them earned, and 10 singles in eight innings. He walked two and struck out five.

Twins 9, Blue Jays 2: Kirby Puckett hit two homers and scored three runs as Minnesota won in Toronto.

Jack Morris lasted only 3½ innings, giving up five runs on seven hits while walking two and striking out two. The right-hander, who helped Minnesota win the World Series title in 1991, now has a 7.24 ERA.

Puckett's 13th home run of the season gave the Twins a 2-0 lead in the third. In his next at-bat, he homered off the facing of the third deck in left during Minnesota's four-run fourth.

Yankees 4, Red Sox 1: Melido Perez pitched two-hit ball for 7½ innings to help New York win the series in Boston, which remained two games behind Toronto.

Oion James, Mike Gallego, Don Mattingly and Paul O'Neill hit RBI singles for the Yankees.

Tigers 17, Orioles 11: Detroit playing at home, got a grand slam for the third straight game: this one from pinch-hitter Chad Kueber that ended an eight-inning tie, and Baltimore remained 2½ games behind Toronto.

Dan Gladden, who had hit a grand slam in each of the two previ-



Toronto center fielder, Devon White, couldn't get to Brian Harper's drive, then Kirby Puckett hit two homers as the Twins won, 9-2.

## Cardinals Glad to See The Last of Pittsburgh

The Associated Press

At least the St. Louis Cardinals can console themselves with this fact: they don't play again in Pittsburgh until next season.

Mark Whiten lost a ball in the lights, Todd Burns lost for the second straight night and the Cardinals, who are losing the National

League East race faster than the Philadelphia Phillies can win it, dropped another game in the standings with a 5-4, 11-inning loss Thursday night.

"We're at defcon five right now, and five's an all-out alert," St. Louis starter Bob Tewsbury said.

Burns, who lost in relief for the second straight game, got pinch-hitter Tom Foley to fly out starting the 11th. But rookie Carlos Garcia, who was 4-for-6, tripled past right fielder Whiten.

After Jay Bell and Orlando Merced were intentionally walked, Jeff King hit a liner over the head of drawn-in left fielder Bernard Gilroy on a 2-1 pitch.

Phillies 7, Expos 4: Philadelphia, playing at home, completed a three-game sweep as rookie Kevin Stocker broke a 0-for-14 slump with a six-hitting two-out single in the seventh. Montreal yielded two runs in the eighth when Mariano Duncan scored on a wild pitch and Dave Hollins hit his 13th homer.

Brewers 8, Mets 4: Ron Gant and David Justice each hit two-run homers in New York and John Smoltz gave up only three hits in 7½ innings as Atlanta swept the three-game series.

Rodriguez 4, Dodgers 1: Colorado completed its first four-game sweep, in Los Angeles, and extended its winning streak to a club-record five games as right-hander Willie Blair pitched a seven-hitter for his first complete game in 35 career starts.

Vinny Castilla led off the second inning with his seventh homer, after Jerald Clark doubled in two first-inning runs, and Vinny Castilla homered leading off the second. Astros 5, Padres 3: Luis Gouzon-

lez tripled and scored the tie-breaking run on Andujar Cedeno's sacrifice fly in the sixth as Houston won in San Diego.

Cubs 5, Marlins 1: Dwight Smith hit two solo homers to help visiting Chicago end Florida's season-high four-game winning streak.

**Coleman Must Stay Home**

The New York Mets have told outfielder Vince Coleman to stay home until major league baseball conducts its own investigation of an incident outside Dodger Stadium in which three people were injured by a powerful firecracker Coleman threw. The Associated Press reported from New York.

The Mets said Coleman, who had been on an unpaid leave, would be paid as of Friday. Baseball's investigation, which will be conducted by its security office, is expected to take about a week.

## Owners Fail on Sharing But Ease Strike Chances

The Associated Press

KOHLER, Wisconsin — After failing to agree to revenue sharing during 31 hours of talks over two days, major league baseball's owners have taken steps that virtually eliminated the chance of a strike or lockout until late next season.

Richard Ravitch, management's labor negotiator, announced late Thursday that the owners won't lock out players at the start of the 1994 season or attempt to eliminate salary arbitration this winter.

AL ROUNDUP

New York beat Boston to cut its deficit to one game, while Detroit again outslugged Baltimore.

amount of progress has been made," Ravitch said. "I hope in the very near future I will be able to tell you there is a total agreement among the clubs as to how to redistribute revenues among themselves so we can meet our obligation to players under the new economic system we will be proposing to them."

No votes were taken at the owners' meeting. Instead, 10 clubs, primarily from the large markets, met among themselves for most of the two days in another building, sending counterproposals back to the small-market teams.

Discussion was intense at times. The voice of New York Yankees owner George Steinbrenner could be heard through closed doors as he interrupted Ravitch during a meeting of large-market clubs.

Meeting Thursday in the large-market group were Baltimore, Boston, the Chicago White Sox, Colorado, Florida, Los Angeles, the New York Mets, the New York Yankees, Texas and Toronto, California attended Wednesday's large-market caucus but not Thursday's. St. Louis also appeared to be on both sides.

owners had to settle for a two-run homer this time.

Rangers 4, Angels 2: Rafael Palmeiro hit a two-run homer for Texas in the first inning and Dean Palmer connected in the second inning against visiting California.

Palmeiro's 30th home run and Palmer's 22d came off John Farrell, who had allowed 15 homers in 66 innings entering the game.

Right fielder Dan Peltier preserved the two-run lead in the sixth, throwing out Eduardo Perez at the plate after he tagged up on a fly ball.

Indians 8, Brewers 6: Carlos Baerga hit a three-run homer with one out in the 11th to give Cleveland its victory in Milwaukee. It was the Indians' first extra-inning victory this season after six straight losses.

## It's a So-So Debut For Montana as Bills Rout Chiefs

The Associated Press

KANSAS CITY, Missouri — As his own toughest critic, Joe Montana saw little to like in his debut for the Kansas City Chiefs of the National Football League.

"Average or below," he said of his 6-for-11, 97-yard performance in the first quarter of a 30-7 loss Thursday night to the Buffalo Bills.

The right elbow, which required surgery and kept him sidelined for most of the past two seasons in San Francisco, "felt great," he said.

The NFL's highest-rated passer of all time played only the first two possessions and was sacked once but not intercepted.

The Chiefs' first exhibition sell-out crowd since 1973 gave Montana a thunderous ovation when he trotted onto the field, but had little to cheer thereafter.

The other Kansas City quarterbacks threw four interceptions and the Chiefs lost three fumbles.

Arizona 10, Redskins 7: Steve Watson hit a two-run homer in the eighth to help Arizona win in Washington.

Padres 5, Braves 3: Luis Gouzon pitched a seven-hitter for his first complete game in 35 career starts.

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## Owners Fail on Sharing But Ease Strike Chances

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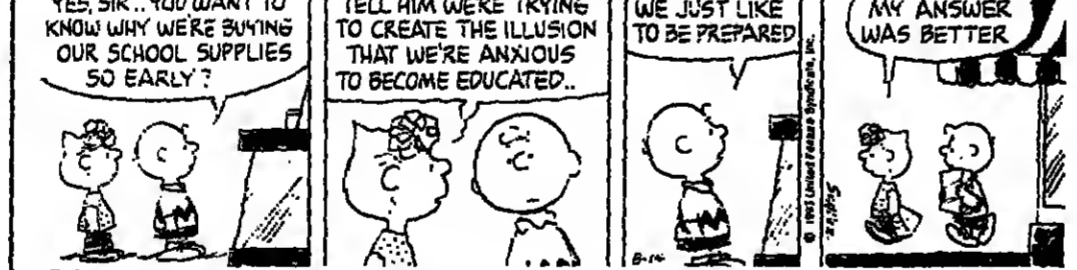
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### DENNIS THE MENACE



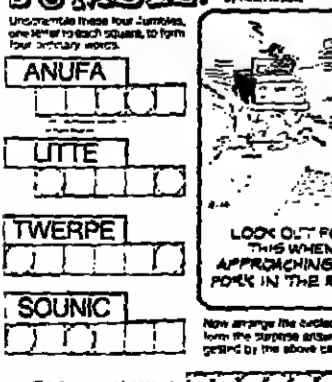
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### CALVIN AND HOBBES



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DAVE BARRY

Snakes in Toilets, III

M IAMI—As you are aware if you follow international events, over the past year I have written a number (two) of columns about the worldwide epidemic of snakes in toilets. As a result I have received many letters from people who have had personal toilet-snake encounters, to the point where I now consider it newsworthy when somebody reports NOT finding a snake in a toilet. But now I am getting nervous. I say this because of a recent alarming incident wherein a woman, attempting to use her commode, was attacked in an intimate place, specifically, Gwinnett, Georgia, by a squirrel. I have here an article from the Atlanta Journal-Constitution, written by Gail Hagans and sent in by a number of alert readers. The headline—a textbook example of clear journalism—states: "Squirrel somehow makes way into commode, scratches Gwinnett woman's behind." I am not making this headline up. The woman is quoted as follows: "I went to the bathroom and lifted the lid and sat down. That's when I felt something scratching my behind."

Diane and Woody: A Homecoming of Sorts

By Maureen Dowd New York Times Service

LOS ANGELES—It is strange to see Woody Allen and Diane Keaton together again, still flip and Freudian 16 years after "Annie Hall." There is one especially startling moment in their new screen collaboration, "Manhattan Murder Mystery," which opens in the United States Wednesday, when Allen carps that Keaton has turned into a nutty, superannuated Nancy Drew fixated on "The Case of the Lethal Neighbor."



Diane has been reunited with Allen in "Manhattan Murder Mystery": "The core doesn't really change."

Besides saying there is nothing wrong with her that "a little Prozac and a polo mallet wouldn't cure," Allen advises his sleuthing spouse to mind her own business: "Save a little craziness for menopause." It's a sobering thought: Annie Hall on the cusp of menopause. Asked about the line, Diane Keaton smiles that infinitely fetching smile and elucidates: "But, you know, I mean, I say, hey, look, yeah, O.K."

both had long liaisons with men who were best friends—Huston with Jack Nicholson and Keaton with Beatty—Huston jokes that their timing was "slightly staggered" so that they have only just begun having dinner together. In a town where loyalty is scarce, Keaton did not hesitate to stand by Allen during the legal bloodletting over child custody with his former leading lady and girlfriend, Mia Farrow.

chances seemed slim. "I want to see them if I can. Of course I want to see them," Allen said. Friends say that Keaton believes that while Allen was self-centered, he was truthful—even in being unwilling to camouflage his lack of concern about the consequences of his romance with Farrow's adopted daughter, Soon-Yi Farrow Previn. Keaton says that Allen is even more "brilliant" than she realized when they first worked together. And the ordinarily reticent Allen can get downright devious on the subject of Keaton, comparing her to Judy Holiday and Lucille Ball. While he has described Keaton as "a bitch" when he first met her—"a catchcheck girl"—he praises her intellect and cultural sophistication.

PEOPLE

Wary South Koreans Bar Michael Jackson

Michael Jackson's "Dangerous" tour is too hot for the South Koreans. The Ministry of Culture turned down a bid by the singer to bring his "one-of-a-kind extravaganza" there, saying it could have a negative effect on South Korea's current anti-corruption drive. Conspicuous consumption and symbols of opulence, such as superstars, are out. Jackson's "Dangerous" tour certainly fits that bill. The singer is traveling with 150,000 tons of sunglasses, lights, sound gear, big screens, lasers and effects machinery.

Not only is she "Forever Your Girl," Paula Abdul told Los Angeles jurors they had made her the "happiest girl in the world" by rejecting a claim by Yvette Martinez, a backing singer, that she deserved more credit on Abdul's album. Martinez had sued Virgin Records for \$3 million in 1991, claiming her voice was electronically combined with Abdul's on several songs.

Newly crowned King Albert II of Belgium doesn't go in much for protocol. The king took the wheel of his car after arriving in Nice by plane for a vacation with his wife, Paola, at their nearby villa.

The actor James Caan angrily dismissed a report in the New York Post that he was regular at Heidi Fleiss's Hollywood mansion. Fleiss, who is accused of operating a "Hollywood call-girl ring," has pleaded not guilty to felony pandering and narcotics charges. "I never, ever once partied at Heidi's house," Caan says.

Citing irreconcilable differences, the director Oliver Stone has filed for divorce from his wife, Elizabeth, after 12 years of marriage. Stone did not seek custody of sons Sean, 8, and Michael, 1. After months of rumors and denials, the ABC anchor Peter Jennings and his wife, Kati Marton, have confirmed that they are ending their 15-year marriage.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 7

WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather. Includes maps of North America, Europe, and Asia with weather symbols and temperature forecasts.

THIS WEEKEND AT THE BEACH

Table with columns for Saturday and Sunday weather forecasts. Includes location, weather conditions, high/low temperatures, wind speed, and wave heights for various regions like Europe and Middle East, Caribbean and West Atlantic, and Asia/Pacific.

If you're going to travel all over the map, here's how to call from almost any point on it.

AT&T Access Numbers table listing international phone numbers for various countries including Andorra, Argentina, Australia, Austria, Bahrain, Belgium, Bulgaria, Canada, Czech Republic, Denmark, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Korea, Kuwait, Luxembourg, Malaysia, Mexico, Monaco, Netherlands, New Zealand, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, USA, and Zimbabwe.



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